

# Vedanta case

Business



On 19 March 2003 Vedanta Alumina Limited applied for environmental clearance from the Indian Ministry of Environment and Forests (MoEF) to construct an alumina refinery project in the eastern Indian state of Orissa.

This clearance was granted on 22 September 2004. The clearance stated that the project did not involve any deforestation. However, the alumina refinery depended directly on mining the Niyamgiri hills, an area where the Dongria Kondh tribe lives. The clearance application for the mining portion of the project was made separately. The Central Empowered Committee (CEC), part of the MOeF, received petitions opposing the construction of Vedanta's alumina refinery and its related bauxite mining.

The CEC's mandate is to monitor and ensure compliance with orders of the Supreme Court concerning forests and wildlife. The project's opponents alleged it would destroy the Dongria Kondh tribe's way of life (due to their spiritual and cultural attachment to the Niyamgiri hills) and that work on the projects had begun without the requisite clearances. Further, they alleged that many people had been forcibly removed from their homes, at times violently, and that the mining has already caused extensive environmental damage and will cause more. The CEC made recommendations to the Supreme Court, on 21 September 2005, for the revocation of the environmental clearance for the alumina refinery.

On 23 November 2007 the Supreme Court of India barred Vedanta and its subsidiary Sterlite from undertaking the project. (Vedanta had transferred the project to Sterlite. However, the court invited Vedanta to resubmit its proposal in line with certain safeguards. The safeguards included: a special

purpose company with the state of Orissa and Vedanta as shareholders owning the project, Vedanta setting aside 5% of its profits before tax for reinvestment into the local community and the submission of a report on the effects of the project and particularly the number of people likely to be employed by the project. Sterlite re-submitted its proposal encompassing these conditions.

The Supreme Court gave the formal go-ahead to the project on 8 August 2008. The MoEF claimed that the Supreme Court's approval of the project did not obligate the MoEF to give automatic clearance for the project, and it asked the Attorney General to opine on the matter. The Attorney General agreed that the MoEF was not bound to approve the project solely on the basis of the Supreme Court's decision. The MoEF ordered a panel to investigate the mine's impact on local tribes and wildlife on 30 June 2010. This panel issued a report on 16 August 2010 saying that the company should not be given permission to mine bauxite in Niyamgiri.

Following the recommendations of the panel's report, the Minister for Environment & Forests announced on 23 August 2010 that the government would take action against Vedanta for alleged violations of forest conservation and environmental protection regulations related to the Niyamgiri project. Survival International brought a complaint regarding the project under the OECD Guidelines with the UK's National Contact Point (NCP). The NCP found that Vedanta "failed to engage the Dongria Kondh in adequate and timely consultations about the construction of the mine"; recommended that "Vedanta should immediately and adequately engage with the Dongria Kondh" and "should respect the outcome of the <https://assignbuster.com/vedanta-case/>

consultation process” In August 2009, following a complaint filed by Survival international, India’s National Human Rights Commission has written to the Government of Orissa demanding a full report into its joint venture mining project with Vedanta